

ANNUAL REPORT

for the fiscal year ending

MAY 31st, 1940

AGNEW-SURPASS
SHOE STORES
LIMITED

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TWELFTH
Annual Report

for the fiscal year ending

MAY 31st, 1940

to be submitted at the Annual Meeting
of Shareholders to be held at the Head
Office of the Company, Brantford, Ontario,
September 5th, 1940, at 10.30 am., E.S.T.

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BRANTFORD, ONTARIO
CANADA

TWELFTH
ANNUAL REPORT OF THE DIRECTORS
of
AGNEW-SURPASS SHOE STORES
LIMITED

BRANTFORD, JULY 31ST, 1940

TO THE SHAREHOLDERS:—

Your Directors submit herewith Consolidated Balance Sheet as of May 31st, 1940, together with Profit and Loss and Surplus Account for the year ended that date of Agnew-Surpass Shoe Stores, Limited and subsidiary Company.

Sales amounted to \$3,328,891.36 (after eliminating sales from factory to Store Company). Operating profits were \$319,423.73, and after deducting \$126,573.02 to cover Depreciation, Income & Excess Profits Taxes and Directors' fees and adding back miscellaneous adjustments of \$867.01, there remained a Net Surplus for the year of \$193,717.72, from which dividends were paid on 8762 shares of Preferred Stock held by the public, amounting to \$61,334.00 leaving earnings applicable to the Common Stock of \$132,343.72, being \$1.65 on 79,831 shares of the No Par Value Common Stock in the hands of the public at the end of the fiscal year.

Net Working Capital amounted to \$1,204,716.57, being an increase of \$67,013.24 over the previous year and there was expended on Fixed Assets the sum of \$12,509.94 for additional Stores equipment and improvements.

Two new Stores were opened, making a total of 79 Stores in operation as of May 31st last.

Dividends on the Preference shares have been paid to date, and from profits remaining, your Directors have declared dividends totalling eighty cents per share on the Common stock, together with a bonus of twenty cents per share, making one dollar per share from the year's operations.

No further purchases of the Cumulative Preference shares of the Company were made by your subsidiary in the past year, and the number of shares in the hands of the public remains at 8,762 as in the previous year.

Your Company gives employment to 638 employees and at the end of the year, there were 413 Preferred shareholders and 518 Common shareholders.

The manufacturing subsidiary is assisting to equip the armed forces of Canada and is presently making one thousand pairs of Army Boots per day.

Your Directors wish to record their thanks to Department officials, Store Managers and employees, for their loyal support given to the affairs of the Company during the past year.

On behalf of the Board,

J. ELLIS WARRINGTON,

President.

AGNEW-SURPASS SHOES AND SUBSIDIARIES

Consolidated Balance

ASSETS

CURRENT ASSETS:

Cash on hand and in Bank.....	\$ 50,150.29
Dominion of Canada, 3 1/4% Bonds, 1948-52 (market value \$696.50)	700.00
Accounts and Bills Receivable....	\$288,172.52
Less Reserve for Bad Debts.....	16,061.02
	272,111.50

Merchandise Inventories, determined by physical stocktaking for subsidiary company and book inventories, periodically verified, for stores and warehouses, and valued at the lower of cost or market, as certified by the management.....	1,268,011.95
Deposits on Tenders.....	12,677.50
Advances to Employees, including Employee Shareholders.....	2,369.92
Prepaid Expenses and Accrued Revenue.....	8,409.92

\$1,614,431.08

LIFE INSURANCE AND FIRE INSURANCE DEPOSITS.....

12,805.46

SUNDRY LOANS (NET).....

24,421.50

FIXED ASSETS at depreciated appraisal values per appraisals of Canadian Appraisal Company, Limited dated May 17th and 18th, 1928, plus subsequent additions at cost (except for Lasts, Dies and Patterns which are shown at nominal value):

Land.....	\$ 76,365.00
Buildings.....	228,354.05
Plant, Machinery, etc.....	109,650.14
Furniture and Fixtures.....	218,378.40
Improvements to Leasehold Properties.....	38,440.33
Lasts, Dies and Patterns.....	33,000.00

\$ 704,187.92

Less Reserve for Depreciation..... 336,902.08

367,285.84

PATENTS UNDER LEASE AND PRODUCING REVENUE.....

15,000.00

\$2,033,943.88

Approved:

J. E. WARRINGTON

FRANK BAUSLAUGH

Directors of Agnew-Surpass Shoe Stores, Limited

SHOE STORES, LIMITED SUBSIDIARY COMPANY

as at May 31st, 1940

LIABILITIES

CURRENT LIABILITIES:

Bank Loan	\$ 40,000.00
Accounts Payable	214,017.98
Accrued Wages and Expenses	27,250.91
Provision for Income, Excess Profits and other Taxes	113,112.12
Dividend declared, payable July 2nd, 1940	15,333.50
	<u>\$ 409,714.51</u>

EQUITY OF MINORITY INTERESTS IN SUBSIDIARY COMPANY: 960.00
(Shares owned by Directors as qualification)

FIRE INSURANCE RESERVE..... 25,817.78

CAPITAL AND SURPLUS:

Capital Stock:

7% Cumulative Convertible Preferred:

Authorized, 15,000 shares of \$100 each

Issued, 10,000 shares..... \$1,000,000.00

Less 1,238 shares held by

subsidiary company..... 123,800.00

\$ 876,200.00

Common:

Authorized, 135,000 shares of no
par value:

Issued, 80,000 shares..... \$ 266,456.14

Less 169 shares held by subsidiary

company..... 562.89

265,893.25

Earned Surplus..... 455,358.34

1,597,451.59

\$2,033,943.88

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the books of Agnew-Surpass Shoe Stores, Limited and its Subsidiary Company for the year ended May 31st, 1940, our examination of the individual store records consisting of a test of the periodic cash reports.

We have obtained all the information and explanations we have required and report that, in our opinion, the above Consolidated Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the affairs of said Companies, according to the best of our information and the explanations given us and as shown by their books.

Toronto, Canada, July 26th, 1940.

THORNE, MULHOLLAND, HOWSON & McPHERSON
Chartered Accountants

AGNEW-SURPASS SHOE STORES, LIMITED
AND SUBSIDIARY COMPANY

Consolidated Profit and Loss and Surplus Account
(Year ended May 31st, 1940)

EARNED SURPLUS, BALANCE, JUNE 1ST, 1939.....	\$ 394,862.52
Net Operating Profit for year, after deducting remuneration of execu- tives and legal fees, \$57,084.92 but before undermentioned items.....	\$ 319,423.73
<i>Deduct:</i>	
Provision for Depreciation.....	\$ 28,716.45
Provision for Income and Excess Profits Taxes.....	97,166.57
Directors' Fees (other than Execu- tives).....	690.00
	\$ 126,573.02
NET EARNINGS FOR YEAR.....	\$ 192,850.71
Add Miscellaneous Adjustments.....	867.01
NET SURPLUS FOR YEAR.....	193,717.72
	\$ 588,580.24
<i>Deduct:</i>	
Dividends on Preferred Stock ...	\$ 70,000.00
Less Subsidiary Company's Portion	8,666.00
	\$ 61,334.00
Dividends on Common Stock	\$ 72,000.00
Less Subsidiary Company's Portion	152.10
	\$ 71,847.90
Dividend paid by Subsidiary Company to Minority Shareholders	40.00
	133,221.90
EARNED SURPLUS, MAY 31ST, 1940.....	<u>\$ 455,358.34</u>

EXECUTIVE OFFICERS

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J. ELLIS WARRINGTON

President

FRANK BAUSLAUGH

Vice-President and General Manager, Brantford

K. R. GILLELAN

Secretary-Treasurer

H. H. GIBAUT

Assistant Secretary-Treasurer

H. M. MILLAR

Assistant Secretary

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BOARD OF DIRECTORS

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M. JOHN SHEEHY

RUSSELL D. BELL

JOHN BAUSLAUGH

J. ELLIS WARRINGTON

HAROLD A. GREENE

FRANK BAUSLAUGH

R. KARN

AGNEW-SURPASS SHOE STORES

ONTARIO

BARRIE	LISTOWEL	TORONTO
BELLEVILLE	LONDON	606 Bloor St. W.
BRANTFORD	MIDLAND	952 Bloor St. W.
166 Colborne	NIAGARA FALLS	2310 Bloor St. W.
16 Market	515 Queen St. So.	505 Danforth
BROCKVILLE	1904 Main St. So.	686 Danforth
CHATHAM	NORTH BAY	2040 Danforth
COBOURG	ORILLIA	2948 Dundas St. W.
DUNNVILLE	OSHAWA	424 Eglinton Ave. W.
GALT	OWEN SOUND	728 Queen St. E.
GODERICH	PETERBORO	992 St. Clair Ave. W.
GUELPH	PORT COLBORNE	1232 St. Clair Ave. W.
HAMILTON	PORT HOPE	106 Yonge
71 King, E.	SARNIA	252 Yonge
13 Market Sq.	SAULT ST. MARIE	729 Yonge
272 Ottawa, N.	SIMCOE	1425 Yonge
INGERSOLL	SMITH'S FALLS	2512 Yonge
KINGSTON	STRATFORD	WALLACEBURG
KITCHENER	SUDBURY	WELLAND
LEAMINGTON	ST. CATHARINES	WHITBY
LINDSAY	ST. THOMAS	WINDSOR
	TIMMINS	359 Ouellette Ave.
		1528 Wyandotte St. E.
		WOODSTOCK

QUEBEC

MONTREAL	QUEBEC
1111 St. Catherine W.	10 St. John

NEW BRUNSWICK

CAMPBELLTON
FREDERICTON
MONCTON
SAINT JOHN
677 Main
187-189 Union
ST. STEPHEN

NOVA SCOTIA

AMHERST
GLACE BAY
NEW GLASGOW
SPRINGHILL
SYDNEY
TRURO
WINDSOR
YARMOUTH

PRINCE EDWARD ISLAND

CHARLOTTETOWN

Canada's Greatest Chain Shoe Stores

Smart FROM THE GROUND UP

● Ritchie Shoes are built to exacting specifications that keep them ship-shape and comfortable over a long course of steady wear. Perfect fit provides snug ankles and heels, gently braced arches, plenty of toe-room. For finest quality at a reasonable price, ask for Ritchie Shoes.



Ritchie
CANADA'S
Smartest
SHOES FOR MEN
\$6⁰⁰ to \$8⁰⁰

RITCHIE FLEXIBLE SHOES | \$8.50
RITCHIE PROP-R-ARCH SHOES | UP

The John Ritchie Company Limited

Established 1879

Canada's Largest Makers of Men's Fine Shoes